Distr.
GENERAL

PBC.12/1/Add.1
8 October 1996

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Programme and Budget Committee

Twelfth session
Vienna, 18-20 November 1996
Item 3 of the provisional agenda

ANNOTATED PROVISIONAL AGENDA

Item 1. Opening of the session

In accordance with rule 17.2 of the rules of procedure (UNIDO/4), the twelfth session of the Programme and Budget Committee will be opened by the Chairman of the Committee, Mr. A. Celso de Ouro-Preto (Brazil).

Item 2. Election of officers

In accordance with rule 17.1, each year, at the commencement of its regular session, the Committee shall elect from among the representatives of its members a Chairman and three Vice-Chairmen, and from among the delegations of its members a Rapporteur. Rule 17.3 also stipulates that the offices of the Chairman, the three Vice-Chairmen and the Rapporteur shall be subject to equitable geographical rotation within a five-year cycle in accordance with appendix A to the rules of procedure. According to that appendix, the Chairman of the twelfth session should be elected from members of the Committee from African States included in List A of Annex I to the Constitution and the three Vice-Chairmen from the Asian States in List A, and from List B and List C, respectively. The Rapporteur should be elected from members of the Committee included in List D.

Item 3. Adoption of the agenda

A provisional agenda for the twelfth session of the Committee, prepared by the Director-General in consultation with the Chairman of the Committee in accordance with rules 8 and 9 of the rules of procedure, is submitted to the Committee for adoption in document PBC.12/1.

Item 4. Implementation of programme and budgets, 1996-1997

The General Conference in its decision GC.6/Dec.11 authorized the Board at its fifteenth session to examine in depth the revised programme and budgets 1996-1997 and recommend such appropriate changes as may be required in the light of a report of the Director-General on the experience of the Organization in implementing the programme and budgets in the first quarter of 1996. Furthermore, the Director-General was requested to report on the above on a regular basis to the policy-making organs.

Subsequently, the Board at its fifteenth session, on recommendation of the Committee, requested the Director-General to organize informal intersessional consultations with delegations, under the guidance of the Chairman of the Committee, with a view to conducting an in-depth examination of the programmatic contents of the revised programme and budgets for the biennium 1996-1997 (IDB.15/Dec.3).

The Committee will have before it:

- Informal intersessional consultations on an in-depth examination of the programmatic contents of the revised programme and budgets for the biennium 1996-1997. Report by the Chairman of the Programme and Budget Committee, H.E. Mr. A. Celso de Ouro-Preto (Brazil) (PBC.12/12-IDB.16/22)

- Implementation of the programme and budgets, 1996-1997. Note by the Director-General (PBC.12/11-IDB.16/21)

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

V.96 85415 (E) (a:\1996\pmo.5)

Distr.: 11 October 1996

Item 5. Report of the External Auditor, financial performance report and programme performance report for the biennium 1994-1995

The Committee in its conclusion 1987/19 requested the Director-General to submit each year to the Board through the Committee a clear and detailed financial performance report itemizing the utilization of financial resources, as well as a programme performance report describing the level of programme implementation. Subsequently, the Board at its seventh session (decision IDB.7/Dec.11), upon recommendation of the Committee, approved the incorporation of the programme performance report in the annual report. Likewise, the General Conference in its resolution GC.4/Res.2, requested the Director-General to fully incorporate in future annual reports the programme performance report according to Board decision IDB.7/Dec.11. Thus, the Annual Report of UNIDO, 1995, provides in an addendum the programme performance report for 1995. This information is supplemented by the financial statements, which continue to be issued as a part of the Report of the External Auditor on the accounts of UNIDO.

In resolution GC.6/Res.2, the General Conference requested the Director-General to adapt, beginning with the Annual Report of UNIDO, 1995, the annual report into a consolidated report covering (i) new technical cooperation programmes, (ii) progress on current programmes and (iii) an assessment of completed programmes. The implications for the structure of the annual report of these and other requirements stipulated in the same resolution were discussed with Permanent Missions in a briefing held on 5 June 1996.

In accordance with financial regulation 11.10, the reports of the External Auditor, together with the audited financial statements, shall be transmitted through the Committee to the Board in accordance with directions given by the Conference. The Committee shall examine the financial statements and the audit reports and submit recommendations to the Board which shall forward them to the Conference with such comments as it deems appropriate.

The Committee will have before it:

- Financial performance report for the biennium 1994-1995. Submitted by the Director-General (PBC.12/8-IDB.16/8)

- Report of the External Auditor on the accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the fiscal period 1994-1995 ended 31 December 1995 (PBC.12/2-IDB.16/2)

- Comments of the Director-General on the report of the External Auditor (PBC.12/4-IDB.16/4)

- Annual Report of UNIDO, 1995 (including programme performance report for 1995) (PBC.12/10-IDB.16/10, Add.1 and Add.2)

Item 6. Financial situation of UNIDO

In decision GC.6/Dec.15 adopted by the General Conference at its sixth session, the Conference: (a) recalled Board decision IDB.14/Dec.27; (b) took note of the reports of the Director-General on the financial situation (GC.6/32) and on information on developments concerning the unified conference service (GC.6/10); (c) urged those Member States that had not yet paid their assessed contributions to do so without delay; (d) decided to approve in relation with the programme and budgets for 1996-1997, and in view of the extraordinary prevailing circumstances and without constituting a precedent, the suspension of financial regulations 4.2(b) and (c), with respect to the unutilized balance of appropriations for the biennium 1992-1993, which had been paid in, as a credit for the sole purpose of partially funding the separation indemnity reserve; and (e) to report on the above on a regular basis to the policy-making organs.

Subsequently, the Board took note of the information contained in chapter II of document IDB.15/3 on accountability and transparency on financial matters, the separation indemnity reserve and on promissory notes relating to Montreal Protocol funds (IDB.15/Dec.4). In the same decision, the Board decided to continue the work of the intersessional open-ended discussion group, with the task of studying applicable measures, including incentives, to expedite the timely payment of assessed contributions, and requested the group to submit proposals to the Board at its sixteenth session.

The Committee will have before it:

- Financial situation of UNIDO. Report by the Director-General (PBC.12/7-IDB.16/7)

- Intersessional open-ended discussion group to study applicable measures to expedite timely payment of assessed contributions. Report of the Chairman (H.E. Mr. S. K. Lee, Republic of Korea) (PBC.12/9-IDB.16/9)

- Intersessional open-ended discussion group to study applicable measures to expedite timely payment of assessed contributions. Note by the Chairman (H.E. Mr. S. K. Lee, Republic of Korea) (PBC.12/CRP.2-IDB.16/CRP.2)

Item 7. Financial regulations

In decision IDB.15/Dec.3, paragraph (d), the Board, on recommendation of the Committee, decided to review the provisions of financial regulations relating to the budgeting process with a view to assuring the necessary flexibility, by recommending, when necessary, to the General Conference the amendment of those provisions in order to facilitate the adoption of revised estimates and adjustments of approved budgets between regular sessions of the Conference as well as to ensure adequate budgetary control on the transfer of appropriations among major programmes.

The Committee will have before it:

- Financial regulations. Report by the Director-General (PBC.12/6-IDB.16/6)

Item 8. Medium-term programme framework, 1998-2001 (including general ceiling for the biennium 1998-1999)

In accordance with General Conference decision GC.2/Dec.23 and as subsequently modified in decision GC.6/Dec.10, the Director-General is requested to submit to the Board in the first year of each fiscal period, through the Committee, a draft medium-term programme framework for the four years that follow the current fiscal period. The draft medium-term programme framework should be prepared in accordance with the principles mentioned in decision GC.2/Dec.23. Furthermore, in compliance with paragraph (b)(v) d. of the same decision, the Director-General should also submit a preview of the biennium 1998-1999 indicating a general ceiling for that biennium.

Also in decision GC.6/Dec.10 the General Conference decided, in light of Board decision IDB.14/Dec.27, that in the event that the cash resources availability for the biennium 1996-1997 changed significantly resulting in a curtailment of the assumptions contained in document IDB.14/29, to present a revised version of the medium-term programme framework.

The Committee will have before it:

- Draft medium-term programme framework, 1998-2001. Submitted by the Director-General (PBC.12/13-IDB.16/23)

- Preview of first biennium (1998-1999) and preliminary indicative general ceiling. Submitted by the Director-General (PBC.12/13/Add.1-IDB.16/23/Add.1)

Item 9. Industrial Development Fund and other voluntary contributions

In accordance with Article 17 of the Constitution, in order to increase the resources of the Organization and to enhance its ability to meet promptly and flexibly the needs of the developing countries, the Organization shall have an Industrial Development Fund (IDF) which will be financed through the voluntary contributions to the Organization provided for in Article 16, and other income as may be provided for in the financial regulations of the Organization. The Director-General shall administer IDF in accordance with the general policy guidelines governing the operations of the Fund that are established by the Conference, or by the Board acting on behalf of the Conference, and in accordance with the financial regulations of the Organization. Rules governing the financial management of IDF, which were prepared by the Director-General in accordance with the financial regulations established by the Conference in its decision GC.2/Dec.25, are contained in the Financial Rules of UNIDO (UNIDO/DG/B.74/Rev.1/Amend.1).

In accordance with Board decision IDB.4/Dec.30, the Director-General is to provide information as to the nature of projects financed from the Fund, indicating therein the projects financed from its general-purpose segment as well as information as to the projects financed from its special-purpose segment. In Programme and Budget Committee conclusion 95/5 and subsequently in Board decision IDB.14/Dec.3 the Director-General was requested to reflect information on trust fund contributions from Member States in the programme performance report.

The Committee will have before it:

- Industrial Development Fund — Estimated resource level and programme for 1997-1998. Report by the Director-General (PBC.12/3-IDB.16/3)

- Information on the nature of projects financed from the Industrial Development Fund, contained in the Annual Report of UNIDO, 1995 (PBC.12/10/Add.1-IDB.16/10/Add.1, appendix C)

- Information on the nature of projects financed from third party and self-financed trust funds, contained in the Annual Report of UNIDO, 1995 (PBC.12/10/Add.1-IDB.16/10/Add.1, appendix D)

- Lists of projects approved under the Industrial Development Fund in 1995 (PBC.12/CRP.1)

Item 10. Ceiling of assessments

In decision IDB.15/Dec.5 the Board requested the Director-General to monitor closely developments in the United Nations dealing with the scale of assessments, and also requested the Director-General to update the background information on the ceiling of assessments (IDB.15/2) with respect to new developments in the United Nations. Documentation on this item will be provided as appropriate to reflect developments occurring prior to the session.

Item 11. Withdrawal of the United States of America from UNIDO

The twelfth session of the Committee represents the last Committee session before the official withdrawal of the United States of America from UNIDO. The inclusion of the present item in the agenda is intended to facilitate discussion by the Committee of certain financial and legal implications of that withdrawal.

The Committee will have before it:

- Withdrawal of the United States of America from UNIDO. Some legal and financial implications. Note by the Secretariat (PBC.12/5-IDB.16/5)

Item 12. Date of the thirteenth session

The following dates have been reserved for the policy-making organs of UNIDO in 1997:

21-25 April (tentative)	PBC, thirteenth session
23-27 June (tentative)	IDB, seventeenth session
1-5 December	General Conference, seventh session

Item 13. Adoption of the report

Item 14. Closure of the session